

INTERNAL AUDIT DEPARTMENT

Performance Audit Report of Parking Ticket Dismissals

Audit 17-04



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CITY AUDITOR EXECUTIVE SUMMARY

As part of our audit plan, the Internal Audit Department (occasionally, hereinafter, “IAD”) conducted a performance audit ¹ of the City’s process for dismissing parking tickets. The timeframe of the audit was December 1, 2015 to November 30, 2016. As stated on page 6 of this report, our objective was to determine that operating procedures and internal controls provide adequate assurance that only authorized dismissals are processed.

This audit was conducted because of tickets that were allegedly suspended or dismissed by a former employee in the Finance department between February 2016 and November 2016.

Our examination revealed significant weaknesses ² that appeared pervasive in their effects on the management of the City’s parking ticket dismissal process. The following summary provides management with an overview of conditions requiring attention. (Numbers in brackets [] refer to finding numbers in the report.)

Significant Weaknesses

[1] Tickets were improperly suspended and dismissed.

[2] There were issues with user access to eTIMS.

In our opinion, the operational and administrative controls for the City’s ticket dismissal process, taken as a whole, were sufficient to meet the objectives stated in the report. Specific limitations that may hinder effectiveness of an otherwise adequate system of controls include, but are not limited to: a) a lack of automation, b) resource constraints, c) faulty judgments, d) unintentional errors, e) circumvention by collusion, and f) management overrides. An audit may not always detect the presence of these limitations or the extent of the adverse effect that such limitations may have on the process and procedures under study. Moreover, establishing a system of controls that would be competent to effectively address and remediate all of these limitations may not be cost effective.

Earl T. Jeter, CPA
City Auditor
January 27, 2017

¹ A performance audit is a study of an organization’s internal controls and the efficiency and effectiveness of its procedures and processes with due regard for economy and the express aim that it leads to improvements.

² In performance audits, significant weaknesses in internal controls are identified as key sources of deficient performance.

Statement of Auditing Standards

The Internal Audit Department conducted a performance audit of City's process for dismissing parking tickets. The audit period is December 1, 2015 to November 30, 2016. The objective of the audit was to determine whether internal controls are adequately designed and operating effectively.

IAD conducted our audit in accordance with Generally Accepted Government Auditing Standards (GAGAS) issued by the Comptroller General of the United States of America. Those standards require that IAD plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. IAD believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

An internal control system consists of many policies and procedures designed to provide management with reasonable assurance that organizational goals and objectives will be achieved. Management is responsible for establishing and maintaining an effective system of internal control.

Internal Audit Department
City of Wilmington
Wilmington, Delaware
January 27, 2017



PERFORMANCE AUDIT OF PARKING TICKET DISMISSALS

Background

The Department of Finance contacted the Internal Audit Department regarding suspended and dismissed parking tickets. The tickets in question were related to a clerk who suspended and dismissed parking tickets as a part of his routine job functions. The clerk abused his privileges by suspending or dismissing 44 tickets without justification or authorization by management. These 44 tickets were assessed against his personal vehicle. The time period for the suspensions and dismissals is between February and November 2016. The tickets were suspended and dismissed between one and twenty days after the violation occurred. Notes were recorded in eTIMS for each ticket. However, the notes do not document who requested the suspensions and dismissals, or provide clear justifications for the suspensions and dismissals.

According to Finance management, the clerk admitted to improperly suspending and dismissing tickets related to his vehicle. However, the clerk did not admit to suspending or dismissing tickets on behalf of others. Shortly after the unauthorized dismissals were discovered by Finance, the clerk resigned from his position.

All parking ticket violations, fines, penalties, and payments are recorded in the City's eTIMS system by City employees. There are five ways in which a dismissal request is initiated:

1. A request can originate with a Parking Regulation Enforcement Officer (PREO). A PREO will request a void due to a ticket being written in error. For example, a PREO may begin writing a ticket and the associated vehicle will be moved by the driver before completion of the ticket.
2. A ticket may be suspended or dispositioned at the discretion of Finance. These types of suspensions or dispositions relate to the commencement of a payment plan with a constituent for past due receivables.
3. The Wilmington Police Department (WPD) may request that tickets be voided. These requests relate to undercover WPD vehicles, which are not marked as official City vehicles. A PREO will write a ticket for this vehicle without being aware that it is part of the City's motor vehicle fleet.

4. Tickets may be voided, suspended, or dispositioned after a formal appeal has been approved by Constituent Services.
5. A ticket may be voided, suspended, or dispositioned after a verdict by a Delaware court.

Statement of Objectives

The objective of the audit was to determine that operating procedures and internal controls provide adequate assurance that only authorized dismissals are processed.

Statement of Scope

The scope includes transactions pertaining to the period of December 1, 2015 through November 30, 2016.

Statement of Methodology

The information used to perform this audit was obtained through:

- Discussions with City personnel.
- Evaluation of procedures and records related to the audited period.

Findings and Recommendations

Finding 1: Tickets Were Improperly Suspended and Dismissed

Discussion and Background

An employee in Finance regularly suspended and dismissed tickets without authorization.

Issue

In addition to the 44 originally identified by the Department of Finance, IAD and Finance management identified another 65 tickets that were dismissed by the same former employee. These 65 tickets related to other City employees or City contractors. The tickets were suspended or dismissed on the same day as the violation or several years after the violation had occurred. As previously stated, the notes in eTIMS intended to justify the reasoning for the suspended and dismissed tickets were not clear.

Per discussion with management, it is their intention to pursue collection of payment in-full on all tickets that were improperly suspended and dismissed.

Overall, it is noted that there is not a formal written policy concerning suspensions and dispositions. Finance management does not review ticket suspensions and dismissals on a routine basis. Moreover, supporting documentation for the suspended or dismissed tickets is not maintained on file by Finance.

Cause

Lack of necessary controls to mitigate the risk of unauthorized dismissals.

Effect

Tickets were dismissed that should have been paid resulting in loss of revenue to the City of Wilmington.

Recommendation

Finance management should formally document and implement a procedure for suspending and dismissing tickets. In addition, Finance management should enhance documentation concerning 1) the origination of requests for suspensions and dismissals, and 2) management's decision to authorize suspensions and dismissals. As a part of the formal process, Finance management should also routinely review suspensions and dismissals completed by eTIMS users.

Management Response

1) State your position of the findings and recommendations:

We agree with the recommendations. A procedure documenting the new process will be developed by the Parking Enforcement division.

2) Action Plan – State Specific actions you will take to mitigate the findings:

The department has been working with our vendor to develop a more streamlined and secure approach for the voiding of all parking citations. This new process will require two levels of approval. All tickets requiring a void, will immediately be suspended for a 30-day period, when the correct code is applied to the citation. Within that 30-day period, both the Level 1 and Level 2 approvals must be completed. All documentation for all voided citations will be housed in eTIMS. The Finance department will also be responsible for any voids that are received from our Civil Appeals Office.

Daily reports will be available through eTIMS and will be reviewed and worked to ensure all Level 1 and Level 2 approvals are completed timely.

Management will determine those supervisors who are required to have Level 1 or Level 2 approval to ensure adequate coverage for the department is available.

3) Provide date your plan will be implemented by your department:

This new procedure will be implemented by June 30, 2017. This will allow time for implementation, testing and training.

4) Follow-up date: Provide date you will follow up with your staff to ensure the action plan has been implemented.

The department will follow up by July 15, 2017 with our vendor to ensure no additional modifications are needed.

The outstanding balance of \$1,860.00 was paid in full by the former employee on 3/21/17.

Finding 2: There Were Issues with User Access to eTIMS

Discussion and Background

As a part of the audit, user access to eTIMS was reviewed for appropriate rights and privileges. A total of 51 active eTIMS user accounts were reviewed.

Issue

There were current eTIMS users with multiple user accounts and/or previous access that is nonessential.

Multiple User Accounts

A total of 16% or 8 out of 51 active eTIMS user accounts were duplicates. The duplicate accounts were opened in error for 4 users who only required a single active account. It is noted that no improper activity was found with these duplicate accounts.

Nonessential Access

A total of 6% or 3 of 51 active eTIMS users have nonessential access to eTIMS. One of the 3 eTIMS users is located in Real Estate and Housing. This employee does not require access to eTIMS in order to complete her routine job functions. The remaining 2 eTIMS users were inactive personnel from the Delaware court system. These users no longer require access to eTIMS.

As a result of the audit, access was terminated for the 3 users. Improper activity in eTIMS was not noted for the 3 accounts.

Cause

The cause is a lack of routine access reviews by Finance management.

Effect

There were inappropriate levels of eTIMS access.

Recommendation

Management should only grant the appropriate levels of access to users and document the reasons for granting access. In addition, Finance management should periodically review user access levels for appropriateness and make any necessary changes.

Management Response

1) State your position of the findings and recommendations:

We agree with the recommendations. Desktop procedures will be drafted to outline why access is needed for eTIMS and will be completed by June 15, 2017.

2) Action Plan – State Specific actions you will take to mitigate the findings:

The department will receive a monthly list of all eTIMs users from our vendor for our review. The supervisor or designee will review the list and provide any necessary updates to our eTIMs user list to our vendor via email. New eTIMs users will be added upon hire or as needed to ensure appropriate coverage in the area.

3) Provide date your plan will be implemented by your department:

The department will implement these changes on June 15, 2017.

- 4) *Follow-up date: Provide date you will follow up with your staff to ensure the action plan has been implemented.*

The department will follow up by June 30, 2017 to ensure no additional modifications are needed.

CONCLUSION

In our opinion, the operational and administrative controls for the City's parking ticket dismissals process, taken as a whole, were sufficient to meet the objectives stated in the report.

Management is responsible for establishing and maintaining an effective system of internal control. By accepting and implementing the recommendations listed, the City of Wilmington will position itself to have a more efficient parking ticket dismissals process. We would like to express our appreciation to the Department of Finance for their assistance during this audit.

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